

Politics | Hyperdrive

## EU Plans 9% Tariff on Tesla Cars as China EV Probe Advances

- Bloc says consultations continue ahead of Oct. 30 deadline
- China has threatened to retaliate against EU penalties



WATCH: The European Union said Tuesday it plans to introduce an additional 9% tariff on Teslas imported from China. *Source: Bloomberg*

By [Alberto Nardelli](#)

August 20, 2024 at 12:00 PM GMT+2

Updated on August 20, 2024 at 3:37 PM GMT+2

*Supply Lines is a daily newsletter that tracks global trade. [Sign up here.](#)*

The European Union said Tuesday it plans to introduce an additional 9% tariff on Teslas imported from China, as it notified automakers of its draft decision to move forward with definitive tariffs on electric vehicles shipped from the country.

The bloc disclosed its latest move to try to counter subsidies that Beijing provided to the industry, with officials saying they will continue to consult with manufacturers ahead of a member state vote on the tariffs due to kick in by November.

**Bloomberg Hyperdrive**

## Fiery Tesla Semi Crash in California Draws US Safety Probe

## SQM Keeps Churning Out More Lithium as Glut Extends Downturn

## Ford Scraps Electric SUV in \$1.9 Billion Hit to EV Ambitions

## Geely Says EU Tariffs Would Have Big Impact as Earnings Climb

The proposed tariffs have been revised, with MG maker [SAIC Motor Corp.](#), [Volvo Car AB](#) parent [Geely](#) and [BYD Co.](#) each facing additional duties of 36.3%, 19.3% and 17%, respectively – all slightly lower than previously announced.

For [Tesla Inc.](#), the 9% tariff is relatively welcome news, as it's lower than what other manufacturers face. EU officials said one factor behind the calculation is that Beijing appears to provide fewer subsidies to foreign-owned companies.

Tesla asked the EU to be assessed on an individual basis and that request was granted earlier this year, with EU officials then visiting the company's plants and receiving information that led to Tuesday's determination.

Other companies that cooperated with the EU's probe but weren't surveyed by EU investigators – such as [Dongfeng Motor Group Co.](#) and [Nio Inc.](#) – would be hit with a 21.3% duty. Other non-cooperating manufacturers face a 36.3% tariff. The rates would be imposed on top of the 10% duties that exporters from China already are subject to.

Tesla shares rose 0.8% as of 7 a.m. in New York, before the start of regular trading. The stock has fallen 10% this year.

The bulk of benefits received by Tesla were in the provision of batteries at below market value, EU officials said. The Austin-based company also got perks including land-use rights, income-tax reduction and grants in various forms, including a national subsidy that all exporting producers received, the officials added.

Read More: [From Cheap Cash to Tax Breaks, EVs in China Get Lots of Love](#)

The parties now have until Aug. 30 to provide comments and request hearings on the proposal. If a qualified majority of member states doesn't block the measures in a binding vote, the European Commission will publish a final regulation on the tariffs by Oct. 30. The duties would then remain in effect for five years, and could be extended after a review.

Brussels and Beijing have been holding talks over the past months to explore whether an alternative solution can be found. The EU has said that any such solution needs to comply with World Trade Organization rules and address the underlying issue of subsidies.

China claims the measures are protectionist and has threatened to retaliate with duties of its own on a range of sectors including pork, spirits and cars with large engines. Beijing is also challenging the measures at the WTO.

The China Chamber of Commerce to the EU expressed its “strong dissatisfaction and firm opposition” to the disclosure in a statement posted on X, adding that there's no sufficient evidence that Chinese EVs cause substantial material injury to the bloc's market.

Spokespeople for Geely and BYD declined to comment, while representatives for SAIC didn't immediately respond to requests for comment sent outside normal business hours.

Read More: [China Urges EU to Avoid Trade Escalation After EV Tariff Ruling](#) ☐☐

Several member states, including Germany and Hungary, have voiced resistance to the tariffs, but a blocking majority would be needed to stop them.

The EU also said Tuesday that it plans to grant a lower rate to joint ventures that were not exporting at the time of the investigative period. Those firms would face the same rate as the cooperating party in the venture.

The EU had required the targeted companies to provide guarantees for the provisional tariffs, but officials said the bloc won't collect them

retroactively. The rates of the tariffs could still change before they become definitive, officials said.

Read More: [EU Moves Ahead With Provisional Tariffs on China EV Imports](#)

– *With assistance from Linda Lew, Lyubov Pronina, Danny Lee, and Craig Trudell*

*(Updates with details of Tesla request, examples of additional cooperating Chinese companies starting in fifth paragraph)*

---

©2024 Bloomberg L.P. All Rights Reserved.

---